MESSAGE

OF HIS EXCELLENCY

Oliver Wolcott,

TO THE

ADAMS
210.8

SENATE

AND

HOUSE OF REPRESENTATIVES,

OF THE

STATE OF CONNECTICUT,

AT THE COMMENCEMENT OF THE SESSION OF THE

General Assembly,

IN NEW-HAVEN,

MAY, A. D. 1826.

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With the Respects of your Obed^t Serv^t
Sam^l A. Foot

GOVERNOR'S MESSAGE.

Gentlemen of the Senate, and
Gentlemen of the House of Representatives:

The renewed confidence in my disposition and efforts, to promote the prosperity of the State, which my fellow citizens have manifested, in again calling me to preside over it, demands my grateful acknowledgments, and will stimulate my exertions in favour of a community to whom I am united by every motive, which can attach the sympathies of an individual, to the interests of his fellow men.

The great interests of our State and Nation, continue to be prosperous. Science, education, arts, manufactures, commerce, agriculture, and improvements of the most permanent and diffusive nature, are extending. All these, are natural products of the irresistible energies of free and intelligent minds, wise to discern, and powerful to direct and accomplish, whatever objects are perceived to be useful; and which are not physically impracticable. Disastrous events have occurred during the last year:—but so far as they have arisen from causes which human foresight could not obviate, they ought to be viewed as dispensations of that beneficent Being, who connects present evils with ultimate good. Such events as have proceeded from other causes, should be regarded as excitements to greater vigilance, and they impose upon Legislators, high obligations of adapting efficient regulations, to prevent a recurrence of similar evils.

The re-organization of the authorities of this State, which depend on annual appointments, claim a primary attention.

The seat of the Honorable Henry W. Edwards, in the Senate of the United States, will become vacant on the fourth day of March, 1827. In conformity with what has been a prevailing usage, an appointment to that station ought to be made, during the present session.

By the lamented decease of the Honorable Judge Chapman, a vacancy has been created in our highest Court of Judicature. Eminent attainments and qualifications, were possessed by the individual, whose demise we deplore:—and the life, character, and property of every person, who is subject to the jurisdiction of this Court, is interested in the designation of his successor.

Profound learning; accurate powers of discernment and discrimination; assiduity; instinctive impartiality; habitual endeavours to render technical forms subordinate to an enlightened love of justice; with incorruptible integrity, are characteristics of a Judge.

This station, under our Constitution, is wisely, and by that moral necessity which is produced by the freedom and equality of our institutions, more permanent, than any other. Unfortunate features in the administration of justice, are more indelible and farther removed from the power of legislation, than when they occur in the other departments of government. I do not therefore doubt, that your love of yourselves and your posterity, will concur with your patriotism, in selecting the requisite qualifications, wherever they are found to be most intimately united.

The State of Tennessee has proposed an amendment to the Constitution of the United States, respecting the mode of electing the President of the United States, and also to declare that members of Congress, shall be ineligible to any offices in the gift, or nomination of the President, during certain periods.

The States of Maine and Indiana, have disapproved of the said amendments proposed by the State of Tennessee.

The State of Illinois has concurred, and the State of Louisiana has non-concurred with the State of Ohio, in an amendment respecting a plan, for promoting the emancipation and foreign colonization of slaves.

The States of Vermont and Kentucky, have disapproved, and the State of Louisiana has approved of an amendment proposed by the State of Georgia, relative to the importation or ingress of people of color, into any of the States, contrary to the laws thereof.

The State of Mississippi, has transmitted a report and resolution, in which the proposal of the State of Ohio, relative to emancipation, is disapproved, and complaining of interferences of the non-slave holding States. The report in effect declares, that the right of property in slaves, is as sacred and inviolable, as that to any other personal property :—That however great the National evil of slavery may be, and however much, it may be regretted, circumstances have rendered it inevitable, and placed it without the pale of Legislative authority :—That the States cannot concur in any arrangement for emancipating slaves :—That any interferences by the non-slave holding States, on subjects of this nature, may produce deplorable consequences, excite prejudices, and weaken the union of the States, and instead of meliorating the condition, can only aggravate the misfortunes of slavery : That as by a gradual emancipation, the hopes of those who remained in slavery, would be excited to insurrection, and the lives of the citizens be endangered, the State is determined to participate in no such measure : That it claims the right, in concert with the Southern States, whose situation is similar, of moving this question, when an enlarged system of benevolence, shall, in consistency with their rights and interests, render it practicable.

In pursuance of a resolution of the last session, founded on a memorial of a part of the inhabitants of the town of Southwick, I addressed a letter to His Excellency the Governor of Massachusetts, proposing a retrocession to this State, of a tract of land adjoining the Town of Granby. It will appear from the correspondence and

documents which have been received, that the inhabitants of Southwick are not united in opinion on this subject, and for this and other reasons which are assigned, the Legislature of Massachusetts has determined, that any further negotiation in respect to the line *West* of Connecticut River, is not necessary or expedient. The proceedings of the Commissioners in relation to the boundary line *East* of the River, have been suspended, in consequence of the necessary absence of a Commissioner on the part of Massachusetts, on public service. Reports of the Commissioners on the part of the State, relating to both these subjects, have been received.

All these documents, together with a letter from Rembrandt Peale, proposing the sale of a portrait of General Washington, for the use of the State, will be transmitted by a special message.

By an Act of the last session, the law against *stealing from a building or vessel in the day time*, was repealed, and the punishment for this offence, was in consequence, reduced to that which is authorised to be inflicted on conviction for *simple Theft*. When the aggravations with which this crime is sometimes accompanied, and the facilities by which offenders can escape beyond the jurisdiction of this State, are considered, it will, in my opinion, deserve your consideration, whether a review of the law has not become necessary.

A re-organization of New-Gate Prison, will doubtless occupy your attention. As this subject is already under the consideration of a Committee, I take the liberty to refer, for many interesting details, to an intelligent Report, which was made to the last General Assembly. By still more recent communications, it is rendered apparent, that there are but few subjects upon which your deliberate reflections can be bestowed, with higher advantages to the best interests of the people, than to a proper arrangement and system of discipline in this prison.

The foreign commerce of the United States, has become so extended, that the habits and manners of great numbers in our populous cities, will be impressed not only by examples of every thing wise, virtuous and intelligent in other Countries, but they are also exposed to become contaminated, with every vice and degradation, which is known or practised in any Nation on the globe. The State of New-York being the first to receive these elements, has been the first to perceive the necessity of protecting the virtuous part of their population. The Commonwealth of Massachusetts, has also found itself exposed to similar evils, and has authorised remedies against the pernicious tendencies of hitherto unusual crimes. As high mental attainments afford no adequate security against moral debasement, it appears to be indispensably necessary, that we should unite with our neighbours, and with all virtuous men of the present age, in maintaining our share in the great conflict which is prosecuting, of virtue against vice.

Experience has at length demonstrated, that with no other expenses, than those which must attend the first establishments, the expenses of penal justice may be wholly avoided, without inflicting, unless for contumacy within the prison, any physical or mental sufferings,

which necessarily abridge life, or impair the exercise of rational faculties. These benefits may further be rendered compatible with means of moral and religious instruction, and with that public inspection, which affords the best security against cruelty and oppression.

It cannot be asserted, that this or any other system of punishment, will change the heart of convicts, and produce sincere repentance:—but it will protect society, during the periods to which they are doomed;—it will deprive offenders of the power of transmitting new vices to their fellow criminals, and will at least afford them an opportunity for reflection, by inculcating habits of order, industry and temperance.

It is eminently a system of moral discipline, adapted to republican institutions. It is compatible with humanity, justice and economy, and resembles in no degree, the bastiles and dungeons of despotic governments, or the gloomy cells of superstition, where men are frequently immured for their very virtues.

In my opinion, circumstances in which both justice and mercy are deeply concerned, imperiously require your attention to the condition of our *circulating medium*:—and to this end, summary references to our Constitution and Laws;—to the powers, duties and usages of incorporated Banks;—and to the actual currencies of those Countries, with which the commerce of the United States is principally conversant, are indispensable.

The powers to coin money, emit bills of credit, or make any thing but gold and silver coin a tender in payment of debts, are expressly withdrawn from the individual States;—and all powers directly affecting these subjects, are expressly vested in the Congress of the United States.

The *people* have therefore done every thing which was in their power, to protect society against the mischiefs which are inseparable from a fluctuating, dishonest and insecure paper medium.

To ascertain the source of this evil, we are thus brought to examine the powers which have been exerted by the *State Legislatures*, or by the *Congress of the United States*.

No other powers have been granted to Incorporations in this State, than *to trade in bills of exchange, gold or silver bullion; the sale of goods pledged for money lent and not redeemed in due time; or in lands necessarily taken for the security of debts previously contracted.*

But to enable the Banks to prosecute this trade, *they have been authorized to issue bills or notes of denominations not below one Dollar, to an amount not exceeding fifty per cent above their capital stock, and beyond the monies from time to time, deposited therein for safe keeping.*

The powers granted to Banks in this State, are similar to those generally granted in the neighboring States.

The powers granted to the Bank of the United States, by Congress, are more useful, more restricted, and therefore more safe.

It is manifest, that there is nothing in the *mere business of a Banker*, which is necessarily injurious to the public, and that it may be con-

ducted successfully by individuals, without any act of Incorporation, as is now actually practised in most countries.

This business however, as practised in this country, is as we unfortunately know, exposed to great abuses. To establish regulations, which will correct the abuses, is the proper duty of Legislatures, and such regulations ought to be equally binding on corporations and individuals.

The experience of our own and other countries, must afford the safest and best guides. It is therefore necessary to ascertain what precepts, this experience inculcates.

At the time when the Constitution of the United States was established, there existed but three incorporated Banks. These were located at Boston, New-York, and Philadelphia.

In the year 1791, the first Bank of the United States was incorporated The inducements to this measure, were, that by a prudent and upright administration, it would conduce to the successful management of the National finances; would afford facilities of obtaining loans for the use of government, in sudden emergencies, and be productive of advantages to trade and industry in general.

The Capital Stock of this Bank, was limited to ten millions of dollars, of which three-fourths, was to consist of six per cent stock of the United States, and one-fourth part of gold and silver.

The amount of debt which the Bank was permitted to owe at any time, was never to exceed its capital of ten millions of dollars, over the monies actually in its custody at the same time, deposited for safe keeping. No greater debt could be incurred, unless in pursuance of a previous law of the United States.

Various other provisions were made, for securing a faithful administration, the observance of which by Banks, at this time, would be highly useful.

With a view to promote uniformity of system, attempts were made to consolidate with the Bank of the United States, the three incorporations which had been previously established; but these attempts failed.

Afterwards incorporations of Banks, by authority of State laws, multiplied. Since 1800, they have overspread the country, and have nearly banished the currency of gold and silver.

The only States which restrain their Banks from issuing notes below five dollars, are Pennsylvania, Maryland and Virginia. In Pennsylvania, the restriction will not however begin to operate upon the only Bank, which now execises the power of issuing smaller notes, until about two years hence.

The Bank of the United States, and the Banks incorporated by Congress, within the District of Columbia, are not authorized to issue circulating notes below five dollars.

According to information upon which I place entire reliance, the following is a brief sketch of the Banking systems, currencies and coins of Europe.

The Bank of England, is a money engine of the government, and it exercises a controlling agency over the currency of the British Na-

tion. Its charter secures to the Bank, a partial monopoly over private banking companies, which are not allowed to consist, in England, of more than six individuals. It is said however, that this privilege, will probably, with the consent of the Bank, be modified, except in respect to a district in the vicinity of London.

The usual denomination of the circulating notes of this Bank, are five pounds sterling. During the last general war in Europe, notes for one pound, were issued. During this period, the Bank suspended its payments in specie. A great proportion of these notes have been since withdrawn from circulation, but the number is said to have increased in some degree, during the last year. The government, and proprietors of land and real property, are however said to be resolved to prevent the re-appearance of any general paper currency.

In Great Britain, *gold coins* are the only lawful standard of value : *Silver coins* cannot be tendered in payment, for sums above forty shillings ; nor *copper coins*, for sums exceeding one shilling.

The current coins, are guineas, half guineas, and pieces of seven shillings, or one third of a guinea. But these coins have been gradually superseded, since the year 1816, by a new coinage of double sovereigns of the value of forty shillings, sovereigns of twenty shillings, and half sovereigns of ten shillings sterling.

The British silver coins, consist of crowns of the value of five shillings, and of subdivisions as low as six pence. In Ireland, there are silver pieces of ten pence, and five pence value. The copper coins, are from two penny pieces, to a farthing.

The Bankers of England, Scotland and Ireland, both public and private, never issue notes below one pound sterling :—And what in this Country, are called *accommodation notes*, are never discounted and are unknown.

The Stock and property of Bankers which is not employed in discounting foreign or inland bills of exchange, is invested in government securities, India Stock, or Bonds, Mortgages, mines, or manufacturing establishments.

France is the chief rival of Great Britain, in arts, civilization, commerce, civil polity and liberal institutions. The National Bank of France, is the only one which issues circulating notes, which are never below *five hundred francs*, or about *ninety-four dollars, in money of the United States.*

There are no Banks nor Bankers which issue circulating notes, in either Spain, Portugal, Italy, Turkey, Egypt, or any of the countries adjoining the Adriatic, Euxine, or Mediterranean seas, or except Russian notes, in any part of Asia.

The old Bank of Amsterdam, which was, for a long time, considered the richest in Europe, and which was the centre of pecuniary negociations, for both Europe and the United States, was *merely a Bank of deposit, for the payment of bills of Exchange.* After the invasion of Holland, in the year 1794, it languished for some time, and at length relinquished its functions. Its place is partially sup-

plied by the Bank of the Netherlands, with a capital of ten millions of florins, or four millions of dollars. The operations of this Bank, are limited, and it issues no circulating notes below twenty guilders, or the value of eight dollars.

The currency of Austria, during the late wars, consisted of paper notes, which were issued by the old Bank of Vienna. They became greatly depreciated, and a National Bank was established in the year 1816. This Bank now issues a paper which is called *Convention Money*, which is payable in specie. Its funds are derived from the revenues and exactions of the government. The notes of the new Bank, are at present, current without depreciation, and its exchanges are at the rate of two and one half of the paper of the old Bank of Vienna, for one of the new or convention paper currency.

The currency of Russia, consists almost exclusively of notes issued from a Bank established by the government, and it supplies a circulating medium for the whole empire. It is supported by resources derived from National revenues. The lowest denomination of its notes, is *five roubles of account*, which are about equal to an American dollar.

The public revenue is payable in the *silver rouble*, and the notes of the Bank are now received by the government, at three roubles and six tenths in paper, for one rouble in silver. This rate somewhat exceeds that, at which the paper is current in private transactions.

The currency of Sweden, is composed of notes issued from the government Bank, at Stockholm. The notes are of several denominations, and some of them are as low as six *Schillings*, which are equal to about four American cents. Gold and silver coins are almost wholly excluded from circulation in this Country.

The currency of Denmark, is supplied by the government Bank at Copenhagen. Its notes were at one time, as low as one sixteenth of a dollar, and were nearly discredited. At present, no notes are issued below one dollar, and these, are at present, valued at about forty-four cents. Gold and silver coins do not appear in circulation.

But notwithstanding these degraded currencies, to which even despotism is unable to impart any stable value, metallic money may be commanded in every part of Europe. It is more abundant in France, than in any other country, owing to the excellence of its manufactures, the variety of its useful arts, and the absence of any paper medium. The *Silver coins* of France, are chiefly pieces of five francs, which are by law current in the United States, at ninety three cents and three mills. These coins are divided into pieces of two francs, one franc, and half a franc.

The gold coins are Louis or Napoleons of twenty francs, and double Louis or Napoleons of forty francs. British and other foreign gold coins, are also frequent.

Excepting the partial monopoly of the Bank of England, the trade of a Banker is not, in any part of Europe, subject to restrictions by law, which are not common to other mercantile transactions. Bankers are to be found in all the principal cities, ports, and places of com-

merce, on the Continent. They consist of individuals, or of companies who are associated under contracts with a limited responsibility. Their trade is principally confined to dealings in bills of exchange, gold, and silver bullion, foreign coins, jewels, and other articles of definite and permanent value.

A variety of small gold coins, are circulated by these Bankers, to their customers. Of these the ducat of the North of Europe, estimated at two dollars and thirteen cents: the sequin of Italy, at one dollar and seventy three cents, which, with lesser coins of England, Spain, Portugal, and Turkey, may be named as those principally current.

A merchant or traveller, with an established credit in Paris, and with good letters of recommendation, if he can neutralize the suspicions of government, by an inoffensive deportment, may, in time of peace, travel over Europe, without possessing any money, above what is requisite for his personal expenses, and be able to command his funds, in gold and silver, where they are wanted, by a bill of exchange on his banker. Losses from failures of Bankers of this description, are believed to be less frequent on the Continent, than even in Great Britain.

The review which has thus been presented to your consideration, has been required by obligations arising from the trust which I have assumed; and being necessary to explain my opinions, I have not deemed myself at liberty to dispense with it, although it may subject this communication to the imputation of prolixity.

The first reflection which naturally occurs, is, that except in limited districts of the United States, the condition of our circulating medium, is not very dissimilar from that which has been established by arbitrary Kings in the North of Europe, and especially by the *Autocrator of the Russian Empire. There, a Bank has been created, and its notes constitute a circulating currency*, throughout his vast dominions. The credit which these notes obtain, is derived from *revenues which are established by his sole authority.* These revenues are not indeed paid in Bank notes, but the demand for *silver coins*, which the revenue establishes, imparts a forced, though precarious value to the *notes*, which value is maintained and regulated, by the reciprocating influences which are created between the supply and demand for paper and silver currencies. The effect is, that all property is subject to his will.

With us, the currency which is required in the daily exchanges between all the people, and by which the transactions between farmers, mechanics, labourers, manufacturers and traders is regulated, is almost exclusively in *Bank notes, which are issued by a great number of independent corporations*, which possess an *exclusive privilege of creating the notes, for their own benefit.*

This *monopoly* is here so exercised, *that neither the amount of currency which is issued, nor the amount of that which is suddenly suspended, withdrawn, or annihilated, is subject to any practical limitation*, other than what must arise from the state of foreign and do-

mestic exchanges, the speculations of individuals, political events and the necessities or caprices of the *numerous monopolizing incorporations, who entirely control the circulation of this Country.*

These last observations require no other confirmations, than a reference to the notorious facts, that *no coins circulate among the people, except small sums of copper, and the fractional parts of a dollar in silver*, which is our silver unit. Our unit of gold, is a coin of ten dollars, which with its fractional parts, in coins of five dollars, and two and one half dollars have wholly vanished from circulation.

The effects produced upon the people, are, that no man can travel fifty miles, in any direction, without receiving paper notes, of which he possesses no means of ascertaining the value, or even the authenticity, and this difficulty increases in proportion to the distance of an individual, from some one of these Banks. From these causes, the whole Country is subject to complex evils, arising from either a redundant, or too restricted circulation of the only currency which can be obtained, and hence, sudden variations in the prices of all exchangeable commodities, far exceeding the customary profits of regular industry and commerce; thereby converting all transactions of business, especially at a distance from the seats of foreign commerce, into mere lotteries.

It is amidst explosions of credit, principally occasioned by the conduct of Banks, that every class of industrious citizens, and all our enterprizing young men, are exposed to repeated losses, against which no vigilance can guard, and no prudence exempt them.

These distresses are inflicted upon the community, without any advantages being derived either to the State, to the stockholders, to the depositors of funds, or to the honest debtors to the Banks. They are so frequent, so extensive, and embrace so many personal interests and connexions, that it seems impossible to impute them, in many instances, to voluntary depravity. The inference must be, that our system of Bank administration, is essentially defective, and that to correct it, all interests ought to contribute their best counsels and united efforts.

There are fewer inducements at this time, why we should submit to the evils of a paper currency, than exist among any other people on the globe. We are prosecuting an active commerce with States and Nations, where gold, silver and copper, are abundant, and are indeed staple articles of trade. With these countries, the intercourse of the people, on both sides, is founded on friendly and constant relations, both personal and political. Our fabrics of iron, wool, leather, wood, cotton, paper, and most other productions of our arts and industry, are as necessary to these countries, as a fair relative proportion of their metallic wealth has become essential to us

It would be nugatory however, to demonstrate the existence of evils, if no method could be suggested to obviate them, without producing others, of equal or still greater magnitude: I hope to shew, that we are not reduced to this dilemma.

The monopoly of the Banks in this State. is not derived from any of the acts of incorporation, none of which attempt to convey any grants of *exclusive privileges.*

The first section of the Declaration of the rights of the people of Connecticut, asserts, "*that no man or set of men, are entitled to* "*exclusive privileges, from the community.*"

The monopoly of the Banks, has in fact been obtained, from the restrictions in the *seventy-second and seventy-third sections of the Statute defining Crimes and Punishments*, which, under severe penalties, prevent individuals and companies, from exercising *the trade of Bankers*, in the same manner as they are now exercised, by *incorporated companies.* These restrictions, so far as I can perceive, are anomalous in our laws. They deviate, as I have shown, from the general practice of Europe, and *there* exist, only in the partial monopoly which has been granted to the Bank of England. It is a plain principle, that no *private corporation*, ought to be allowed to do any thing, which is forbidden to *private individuals.*

It is however certain, that the power of *uttering and passing bills of credit, notes, or bills of exchange, to be used as a general currency, or medium of trade*, would be unsafe, destructive of the rights of property, and that such a currency would be expressly contrary to the Constitution of the United States.

Abuses which have existed for a considerable time, and which have become connected with rights which ought to be preserved. cannot however be wholly corrected at once.

With such a modification of our Statute, as is necessary to reconcile it with the Constitution of this State, and with the best examples which are exhibited in other States, and with the acts of Congress in analagous cases, it would, in my opinion, be sufficient at present, to restrain both *incorporated Banks and private bankers, from issuing circulating notes, below five dollars.*

Under such restrictions, all denominations of *silver coins*, would re-appear, and these would soon be succeeded by *gold coins* of denominations below *five dollars*, which would be the most convenient currency for general use. The *small gold coins*, are the only descriptions which can be long retained in circulation, under any circumstances, nor even many of these, under our present course of foreign exchange. The larger gold coinage, is therefore at this time, a public expense and loss equal to the expense of coinage.

Private Banks, would also be here established, as in Europe, and as they existed in this country, before, and for a short time subsequent to the Revolutionary war. Their dealings would be confined to loans of money, and transactions in bills of exchange.

Whenever private bankers extended their credits, they would be viewed with jealousy by the incorporated banks. They would form mutual checks on each other, and render all more safe.

In this country, where equal rights are secured to the rich and the poor, the community cannot be impoverished by loans, *not exceeding the whole of an existing capital.* The incorporated banks

are however authorised to exceed this ratio, and to lend, not only *all their capital, and all their deposits, but to the extent of fifty per cent. exceeding both.*

As a practice seems to be established, of considering *the mutual credits of banks, as equivalent to funds in the possession of both*, even the limitation of loans to fifty per cent. exceeding their capital stock and deposits, has been rendered nugatory, and an avenue has been prepared, for innumerable frauds and collusions, between the managers.

Nor is the evil limited by the extent to which the *mutual credits* of the banks, can be increased. By a statute law of the State, which has existed since the year 1807, all our incorporated banks, have been authorized "*to issue Post Notes, payable to order,* "*at any time subsequent to issuing the same,*" thereby permitting the banks to pledge their credit, as *payers of notes, in aid of the credit of individuals*, over this great country, and extending it to foreign countries.

It is very consolatory to know, that the abuses of credit which are so prevalent, did not commence in this State, and that although we have yielded to temptations which we ought to have resisted, our neighbours ought to correct their own conduct, before they censure us.

In my opinion, we ought to manifest our sincerity, by immediately retracing the folds of the web, in which we, in common with our neighbours, have been entangled. We can perceive that the issues of notes from the banks in this State, have been annoying to the banks in Boston and New-York, while theirs founded on no superior securities, have been equally injurious to us. Both parties ought voluntarily to concur, in permitting specie to circulate throughout the country, thereby rendering the capitals and credit which exist, conducive to mutual advantage.

At the same time, our laws ought to promote all fair advantages to our own citizens. By restraining the banks of this state, from issuing notes below five dollars, many inferior notes issued in other States, would be brought here. The circulation of these notes, *except in direct payments to our incorporated banks*, may be in a great measure prevented. We can apply to all small notes, the same restrictions which now exist in respect to the notes of banks not incorporated, and against all notes of denominations below one dollar; which restrictions have proved to be effectual. Our banks can best judge of the value of paper money; they would take any notes, at what they deem their value, in deposit, and collect, or transmit them to the places where they are made payable.

The objections to the measure, which I deem it my duty to recommend, will most probably be, that *paper is a cheaper instrument of circulation than metallic money;* and that the proposed restriction would diminish the *dividends of banks*, in which the State, the

school fund, ecclesiastical societies, the colleges and academies, other incorporations, stockholders, and numerous individuals, are interested.

But if all these objections were true in point of fact, they would form very inadequate reasons, for inflicting *great, increasing, and remediless injuries upon all the people, and the whole Nation.* These evils have not proceeded *from the incorporations as such*, but merely because they have issued *bills of credit*, as substitutes for the general currency of gold and silver.

If any principles are demonstrable by reason and experience, they are, that *paper money* is an interruption to *productive industry;* that *industy* is the main source of *wealth ;* and that whatever *diminishes production is injurious to the lenders of capital.*

The stockholders of banks are only interested in having their capitals *safely invested*, in such a manner, as to secure the payment of a *regular interest equal to the use of the sums advanced.* It cannot promote *their* interests, that all the capitals of this country, whether invested in *stocks*, or other *transferable property*, or in *exchangeable commodities*, should be constantly exposed to the *hazards* of *rapid revolutions.*

In my opinion, Banks, which deal in circulating notes, and which are safely conducted, require a much more elaborate and expensive organization and system of detail, than such as deal wholly or principally in gold and silver. Honest men assume frightful responsibilities under the forms, by which many of these institutions are now conducted, and their hazards increase in proportion to the number and varieties of the notes which are received. Many counterfeited and altered notes are so skilfully prepared, as to defy the scrutiny of adepts; and no safeguards are provided to protect those who receive them, from the most offensive accusations. The stations of President, Cashier, teller, and book-keeper, are incompatible, and yet some two or more of them, are united in the same persons, contrary to established maxims of accountability, prudence, and even justice to the individuals who are so entrusted. If at the close of the hours of business in every day, full accounts of all funds received and issued, and of securities obtained and discharged, are not immediately stated, their accuracy ascertained, and their results extended into records, which are regularly continued, by persons whose peculiar duty it is made, to note all these facts, according to established forms; then the transactions of different days will become blended, and soon, all individual responsibility, will be irrecoverably lost.

The case is far different, in respect to transactions in gold and silver; for by hydrostatic and other balances, which are cheap instruments, which have been known and used since the time of Archimedes, the purity and value of coins, can at once be ascertained, with unerring certainty.

The great importance of this subject, to the concerns of every

individual in this State and Nation, both in public and private stations, will, I hope excuse the minuteness of this examination, which with my deliberate reflections, are respectfully submitted to your candid and indulgent consideration.

OLIVER WOLCOTT.

General Assembly, May Session, 1826.